



Economic Growth and Physical Quality of Life in India

KEYWORDS

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INTRODUCTION

It is a fact that economic growth has to some extent contributed in reduction of destitution. Over the last five decades more and more poor people, in comparison to the past, have gained some access to certain public services such as food, education, modern health services and safe drinking water. Statistically speaking Human Development Index of all the South Asian Countries has improved. But all of them are far behind to catch up with the developed countries.

The earliest attempt to measure the quality of life in India is reflected in the physical quality of life index (PQLI) suggested by Morris David Morris and Michelle B.MC. Alpin (1982) which takes into account life expectancy, infant mortality and literacy. The results of PQLI for the seventies for Indian States revealed poor correlation (0.08) between calories intake and PQLI. Nor is there significant relation with infant mortality (0.20) or Life expectancy at age one (0.27). The same concept is refined in the calculation of the human development index (HDI) and supplementary indices like human poverty index, gender related development index (GDI) and gender empowerment measure (GEM).

The Human Development Index published by the UNDP measures the overall achievements in three basic dimensions of human development – longevity, knowledge and a decent standard of living.

- ❖ Longevity is measured by life expectancy at birth.
- ❖ Knowledge is measured by adult literacy rate and school gross enrollment ratio.
- ❖ A decent standard of living is measured by GDP per capita adjusted for purchasing power parity (PPP) in US dollars.

An index is calculated for each of these three dimensions and HDI is a simple average of the three dimension indices. To calculate these dimension indices, minimum and maximum values (goalposts) are chosen for each indicator. The maximum and minimum values are 85 and 25 years for life expectancy, 100 and zero for adult literacy rate and gross enrollment ratio and 40,000 and 100 US dollars for GDP per capita.

Performance in each dimension is expressed as a value lying between zero and unity by applying the following formula.

$$x \text{ index} = \frac{X - \min(x)}{\max(x) - \min(x)}$$

The Human development index (HDI) is calculated for 175 countries in the world in 2004. When the countries are ranked in the descending order of development, India obtained 26th position with a value of 0.611. The position of China is higher at 81 with a value of 0.768 and Pakistan is lower at 134 with a value of 0.539.

Table 1 GDP AND HUMAN DEVELOPMENT INDEX INDIA

YEAR	1990	1995	2001	2004
Human Development Index	0.519	0.553	0.590	0.611
GDP Actual(in crores	510954	917058	1902999	2519785

PERIOD	Growth Rate	
	HDI	GDP
1990-95	6.55%	79.47%
1995-2001	6.69%	107.5%
2001-2004	3.55%	32.41%

Source: UNDP – Human Development Reports 2003,2006 CSO, National Accounts Statistics – 2006

To discuss the quality of life in India, Human Development Index(HDI) values compiled by UNDP and published in Human Development Reports 2003 and 2006 were taken. (Table2). The value of HDI, in a span of 14 years slowly improved from 0.519 in 1990 to 0.611 in 2004. HDI increased continuously during this period.

The economic growth of the country is measured by the growth of GDP. The GDP values for the study period were taken from National Accounts Statistics 2006 published by C.S.O. The GDP values were increasing at a much faster rate than the growth of HDI. The GDP at factor cost was Rs. 510954 crores in 1990, increased 5 folds to Rs.2519785 crores in 2004. The growth in GDP level is also steadily and continuous upwards.

A comparison between the growth rates of HDI and GDP is made in this paper. In the period 1990-95 the growth rate of HDI is 6.55% whereas the growth rate of GDP is 79.47%. The growth rate of HDI to GDP is 8.5%.

In the period of 1995-2001 the growth rate of HDI is 6.69% whereas the growth rate of HDI to GDP is 107.5%. The growth rate of HDI to GDP is 6.2% during this period, growth rate of HDI TO GDP diminishes than the earlier value, showing that economic progress is at a faster rate than the human development.

In the period of 2001-04, the growth rate of HDI is 3.55% whereas the growth rate of GDP is 32.41%. The growth rate of HDI to GDP is 10.5%. During the period, the growth rate of HDI to GDP increases than the previous value, showing that human development is at a faster rate than economic progress. The reasons for the higher growth rate in this period are better record in improving adult literacy rate, gross enrollment ratio, and continuous improvement in life expectancy, infant mortality, maternal mortality rate, health and sanitary conditions.

For the further growth of Human Development Index following suggestions are made.

- India has to improve health facilities as well as nutrition level so that it can reduce the probability at birth not serving to age 40.

- The country should support a programme of improving nutrition on poor families to reduce massive number of underweight children.
- There is a need to strength poverty eradication strategies to reduce under-nourishment.
- Synchronized efforts are requested from the academia, policy planners, political and religious leaders of the country to achieve the desired economic growth and development by concentrating on human development.

Conclusion

Economic growth is a necessary but not sufficient condition for achieving improvements in human development. The

present rate of economic growth is not fully reflected in the quality of life of a vast number of people in India. Some of the Scandinavian countries stand higher in HD than the USA and UK, though their economic growth is not higher than the later. So is the case with Srilanka and Kerala within India. One of important conclusion concerns the desirable phasing of policy change. Economic and social policy has tended to focus priority on getting the economic fundamentals "right" as a necessary precondition for economic growth, while arguing that HD improvement must await such economic growth. Economic growth itself will not be sustained unless preceded or accompanied by improvements in human development.